

Tuition/Enrichment Junior Partner T&C

- New company: 5 Steps & <J. Partner Name> is a new entity within the 5 Steps network of tuition and enrichment centers.
- J. Partner receives 49% of shares; no cost for J. Partner.
- J. Partner serves as a director with zero salary.
- J. Partner takes up the responsibility of all daily operations of the project.
- Probation period for J. Partner is one month. J. Partner will be asked to demonstrate his qualification by conducting test classes and working on the project planning. During this period the project can be closed at any time by the Senior Partner sole decision.
- No setup cost for J. Partner.
- Initial ad budget is 10k - marketing cost; no cost for J. Partner. Later the partners might find it beneficial to increase the ad budget for more students sign-ups.
- Min initial Rent, utilities, admin, and add cost: \$2000 per months (for a typical 20 sqm room) - admin fees; no risks or cost for J. Partner. The admin fees for the 2d floor or classroom 6 is \$4000.
- Project cost = admin fee + direct marketing cost.
- All the revenue left after the cost and tax deduction is a profit and will be shared as dividends unless partners decide to invest it in expansion.
- Cross Selling: prompt the students to sign up for other tuition businesses within the group.
- Marketing and Tuition strategy and plan have to be approved by both partners.
- J. Partner is not allowed to have any earning from tuition/enrichment outside the project.
- Project is considered failed if on Month 6 the current (monthly) profit is negative.
- No obligation if the project fails; J. Partner bear no cost.
- In any case of product closure, the company must be written off and the director contract (with no competition clause) terminated.
- If the project reaches a monthly profit of \$10k, J Partner is entitled to take up a position of the network partner with 25% of shares in all the centers s/he sets up.

Examples (per month)

10 students

- ▶ \$400 tuition fees/student
- ▶ Revenue: \$4000
- ▶ Possible cost including tax: \$5000
- ▶ Loss: -\$1000
- ▶ Investment: \$0
- ▶ J. Partner share: \$0 (no loss for J. Partner)

50 students

- ▶ \$400 tuition fees/student
- ▶ Revenue: \$20000
- ▶ Possible cost including tax: \$8000
- ▶ Profit: \$12000
- ▶ Investment: \$0
- ▶ J. Partner share: \$5880

100 students

- ▶ \$400 tuition fees/student
- ▶ Revenue: \$40000
- ▶ Possible cost including tax: \$13000
- ▶ Profit: \$27000
- ▶ Investment: \$2000
- ▶ J. Partner share: \$12250